

Statement of Performance Expectations 2020/21



**100% PURE
NEW ZEALAND**

September 2020



Pursuant to Section 149 of the
Crown Entities Act 2004

Contents

Statement of responsibility	3
Introduction	4
Tourism New Zealand’s focus areas and vision	5
Tourism New Zealand’s role	6
Tourism New Zealand’s activities	7
Tourism New Zealand’s place with others in the sector	8
Drive domestic demand	10
Restart international demand	11
Strengthen the tourism sector	13
Advise and support agencies leading recovery activities	14
Tourism New Zealand’s internal response to COVID-19 challenges	15
Our response to the recommendations from the 2019 independent report	16
Outcomes Framework FY21	19
Summary of measures	20
Forecast financial information	24

Statement of responsibility

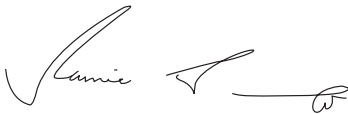
This Statement of Performance Expectations (SPE) is submitted by the Board of Directors of Tourism New Zealand (TNZ), pursuant to the Crown Entities Act 2004 (the Act). This Statement of Performance Expectations sets out the forecast performance of TNZ for the period from 1 July 2020 to 30 June 2021.

TNZ's prospective financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) and its audited accounts will comply with the applicable financial reporting standards.

TNZ is responsible for the prospective financial statements contained in this document, including the appropriateness of the underlying assumptions.

The structure and content of this Statement of Performance Expectations follows the general requirements set out in the Crown Entities Act 2004 and the Public Finance Act 1989. The focus of the Statement of Performance Expectations is on public accountability and providing a base against which Tourism New Zealand's performance can be assessed.

On behalf of the New Zealand Tourism Board,



Jamie Tuuta
Chair
Tourism New Zealand



Roger Sharp
Deputy Chair
Tourism New Zealand

Introduction

Purpose of this document

The purpose of this document is to provide detail on the types of activity that will be delivered by Tourism New Zealand in the 2020/21 fiscal year and the expected performance of that activity. Progress against the performance measures and financial forecasts contained within the Statement of Performance Expectations will be reported on a quarterly basis in a report to the responsible Minister and at the end of the fiscal year in Tourism New Zealand's Annual Report.

This document also briefly describes Tourism New Zealand's strategic intentions and how the activity delivered will contribute to the outcomes sought. For a full description of Tourism New Zealand's strategic intentions, please refer to Tourism New Zealand's Statement of Intent (SOI) FY18 – FY21.

Tourism is important to New Zealand

Tourism is vital to New Zealand's success through contributions to the nation's economy, society, environment and culture. Prior to COVID-19, tourism made up 20% of New Zealand exports, making it our largest export earner. One in ten New Zealanders was either employed by the tourism sector or indirectly by related sectors.

Tourism is a dispersed and diverse sector that supports the economy and employment across the country. It is one of the largest regional employers by sector and distributes economic opportunities to every region of New Zealand. In areas such as Rotorua, tourism is a key employer, and in 2019 there were 234 Māori businesses employing 11,100 people nationally .

Tourism further benefits New Zealand by boosting the exports of other Kiwi products. A successful tourism industry and a strong destination brand keeps New Zealand firmly in the minds of consumers, businesses and decision makers all around the world. It also enhances New Zealand's international reputation and increases the profile of New Zealand exports.

Tourism creates the opportunity for New Zealand to share our culture, heritage and experiences with both domestic and international visitors, and exposes visitors to New Zealand's natural assets.

The impact of COVID-19 on New Zealand tourism

As borders closed and New Zealand moved to COVID-19 Alert Levels four and then three, COVID-19 halted the tourism sector. Scenarios developed by the Treasury in April 2020 indicated that travel may be restricted at some level for most of 2020, and international borders may not be fully open for up to 12 months. Since these scenarios were prepared, there have been indications that borders may not open fully during 2021.

Domestic travel re-opened at Alert Level one, however border restrictions will be maintained in some form until the threat of COVID-19 can be managed effectively. The border restrictions with some countries that have been similarly successful to New Zealand in controlling COVID-19 may be eased over time. However, we believe it is better for Tourism New Zealand to maintain an agile plan rather than assume knowledge about the global recovery or specific border status. While there are significant unknowns in the coming year, we have a flexible plan to support the recovery of the tourism sector.

Tourism will be harder hit and slower to recover than other sectors of the economy, due to the ongoing impact of border closures. New Zealand's tourism industry relies on international visitors, who made up 42% of the sector in 2019 . Tourism is also dependant on people movement and interaction which are restricted as part of the COVID-19 response. Even as lockdown levels have lifted, border closures, unemployment and domestic sentiment may suppress travel demand until well after other sectors such as forestry, retail and services begin to recover.

Our research shows that while there is a strong demand for domestic holidays to support the economy and to see more of New Zealand, potential domestic travellers have a higher price sensitivity meaning economic conditions could be a deterrent to increased travel during the recovery from COVID-19. Domestic travellers are also more likely to take short trips than international tourists with 61% of domestic trips being day trips, and only 11% of domestic trips being for five nights or more.

Tourism New Zealand's scenario planning shows that tourism will recover to pre-COVID-19 levels. However, there is a wide range of possible recovery scenarios over different time periods, based on when borders reopen and the status of domestic restrictions. Our scenario planning is being updated as new information about possible border openings comes to light.

¹ According to Stats NZ 2019 survey of Māori tourism. Māori tourism businesses include member companies from New Zealand Māori Tourism, as well as identified Māori authorities who participate in specific tourism industries such as accommodation, transport, and arts and recreational services.

² Statistics NZ Tourism Satellite Account year ended March 2019 (issued December 2019)

Tourism New Zealand’s focus areas and vision

Tourism New Zealand’s four-year strategy was set out in the Statement of Intent FY18-21. Considering the changes to the tourism sector as a result of COVID-19, Tourism New Zealand will be updating our SOI and organisational strategy in 2021.

Despite the challenges affecting the tourism sector as a result of the response to COVID-19, Tourism New Zealand remains committed to the New Zealand-Aotearoa Government Tourism Strategy developed in 2019.

Tourism New Zealand’s vision for the sector is simple:

- Tourism must enrich New Zealand and contribute to the wellbeing of New Zealanders
- By ‘enrich’ we mean that tourism will contribute more than it consumes against four capitals: financial & physical, social & cultural, natural and human
- Tourism must create jobs, restore nature, enhance our heritage, build our national reputation and make Kiwis proud. It must inspire and enable us to celebrate who we are, and what we stand for, bringing to life our unique people and place.

The diagram below shows how our priorities and role contribute to our activities and vision for the sector.

TNZ’S VISION: TOURISM MUST ENRICH NEW ZEALAND AND THE WELLBEING OF NEW ZEALANDERS

Objectives	Drive domestic demand	Restart international demand	Strengthen the sector supply	Advise Government and the Recovery
TNZ’s role in the sector	We will extend our marketing, brand, commercial and insight capabilities to shape and stimulate domestic tourism demand as well as international tourism demand.	We will keep the New Zealand brand alive in the hearts and minds of global consumers and buyers, positioning New Zealand globally to be one of the top countries that recover and thrive in the post-COVID world.	We will invest in business support to tourism operators, while also accelerating the transition to ‘smart tourism’, using technology to enable the intelligent design of the system for better natural, social, human and financial and physical outcomes for tourism.	TNZ will provide insight, evaluation and advice to industry and government

TNZ activities	100% Pure New Zealand campaigns Earned marketing Partnerships Trade marketing Digital channels and platforms		Sector and Government engagement	
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TNZ’s 2021 priorities	Domestic tourism brand and marketing Kiwi inclusion and participation in tourism	Maintaining New Zealand’s global brand Restart international demand when borders open	Smarter tourism tools, data and insight Evaluate the tourism sector’s contribution to the four capitals Business advisory support Destination readiness	Wider all of government support Support all of government recovery and tourism programmes
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Tourism New Zealand's role

Tourism New Zealand is New Zealand's national destination-marketing organisation. For 20 years, Tourism New Zealand has promoted New Zealand as an international visitor destination under the brand campaign of 100% Pure New Zealand.

Tourism New Zealand was established as a Crown Entity by the New Zealand Tourism Board Act 1991 (the Act). Tourism New Zealand has been the organisation responsible for marketing New Zealand to the world as a visitor destination.

Our objective under the Act is to:

- Market New Zealand as a destination to maximise long term benefit to New Zealand
- Develop, implement and promote strategies for tourism
- Advise the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies

In response to COVID-19, Tourism New Zealand has developed strategies for tourism that maximise benefit to New Zealand.

In the short term, these strategies focus on the survival of the businesses within the tourism sector - in particular protecting jobs and wellbeing. These short-term strategies include investing in a domestic marketing campaign to drive domestic participation and inclusion in the tourism sector, building the foundation for sector recovery; and maintaining our share of international voice for the New Zealand destination brand to ensure we are positioned for the best possible international recovery. We will also create actionable insights and advice for industry and government, as well as support the sector transition to a new operating paradigm.

In the medium term, we will be focusing on strategies to drive growth in the Gross Domestic Product from tourism and the sustainability of the tourism sector. We will support the sector to increase its productivity through increasing digital and data capability of tourism operators. We will also work with operators to understand how they can better convert marketing opportunities into revenue in ways aligned with the four capitals (financial & physical, social & cultural, nature and human). We will maximise the New Zealand brand internationally and create cross-pollination of the New Zealand destination brand with our export and trade outcomes.

Long-term, we are focused on creating resilience within the tourism sector, and ensuring tourism enriches New Zealand, i.e. that it contributes more than it consumes. Our marketing activity will include a balanced portfolio of markets (including domestic and international) to drive sustainable tourism growth in line with our vision of tourism enriching New Zealand. We will focus on ensuring the sector and the government have the advice and insight required to make evidence-based decisions, and on measuring and supporting the sentiment of New Zealanders, as the guardians and hosts of our tourism offering to the world.

Tourism New Zealand’s activities

We have adjusted the wording of the activities set in our 2018 Statement of Intent slightly to better reflect our work. The updated activities are shown below.

Activity one: Develop and deliver brand and demand driving campaigns through the 100% Pure New Zealand platform.

Activity two: Build desire, appeal and awareness via New Zealand stories through third party earned content and partners.

Activity three: Partner with the tourism and travel sectors to create shared opportunities to drive key messages and campaigns.

Activity four: Inspire and educate the trade tourism sector to spread key messages and campaign information through trade channels.

Activity five: Develop and deliver engaging content and messages supporting our campaigns through Tourism New Zealand-owned channels, including newzealand.com and social platforms.

Activity six: Engage and work with the tourism sector, government and other agencies to support and strengthen the recovery of the tourism sector.

In FY21, we will support the Government and the sector to rebuild the tourism sector deliberately and considering the need to protect and maintain its social licence and enhance visitors’ experiences as they return.

In addition, there will continue to be a focus on how we measure value. We recognise that we need more detailed and timely insights to help New Zealand, the Government and the sector make appropriate decisions to support the sector to build back better.

Tourism New Zealand’s SOI sets out six activity groupings. The table below shows the relationship between the activities in the FY18-FY21 SOI and the roles in the FY21 SPE which in turn align to priorities and measures set out in the preceding sections.

Activity	Drive domestic demand	Restart international demand	Strengthen the tourism sector	Advise and support agencies leading recovery activities
Activity one: 100% Pure New Zealand campaigns	✓	✓		
Activity two: Earned marketing	✓	✓		
Activity three: Partnerships	✓	✓		
Activity four: Trade marketing	✓	✓		
Activity five: Digital channels and platforms	✓	✓		
Activity six: Sector and government engagement			✓	✓

Tourism New Zealand’s place with others in the sector

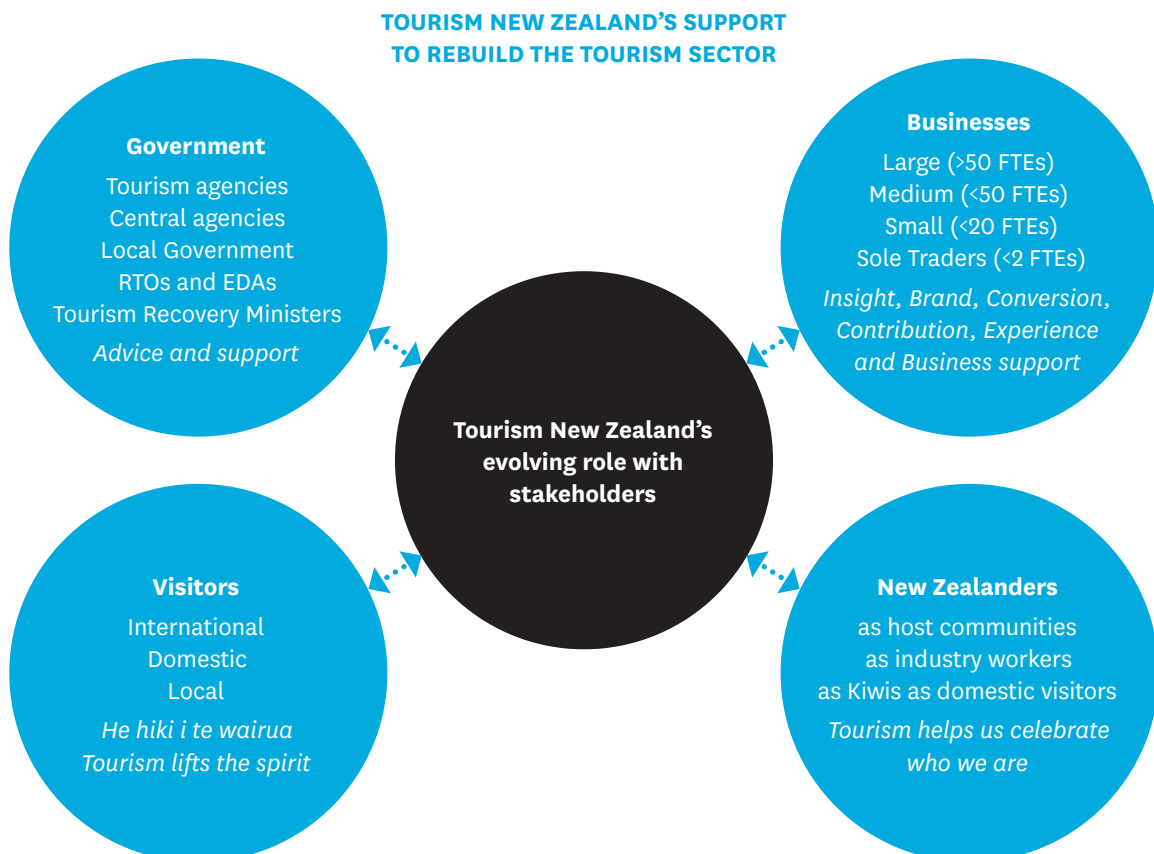
Tourism New Zealand works collaboratively with tourism businesses, other government agencies and other New Zealand Inc partners. We have a leadership role in driving tourism demand for New Zealand through marketing and building the New Zealand destination brand internationally.

Building on the success of Tourism New Zealand’s core role of growing and developing international tourism demand, we will extend our priorities to support work in areas critical to the sector’s recovery. These areas include driving domestic tourism value growth, participation and inclusion in the immediate aftermath of the COVID-19 crisis, building advanced desire and appeal for New Zealand in global markets to then drive international tourism demand as border openings allow, enabling and supporting sector recovery and productivity as well as providing evidence-based advice to government and industry.

We work closely with:

- The Ministry of Business, Innovation and Employment
- New Zealand Māori Tourism
- Department of Conservation
- The Tourism Industry Association
- Regional Tourism Organisations
- Tourism sector businesses
- New Zealand Trade and Enterprise
- Ministry for Primary Industries
- New Zealand Story
- Education NZ

Collectively we are working across government to ensure there is a strong sector framework to support tourism to recover in a way that contributes to the four capitals. The diagram below shows our relationships and stakeholders across the tourism sector.



Tourism New Zealand is committed to the future of tourism in New Zealand, including that set out in the Aotearoa New Zealand Tourism Strategy ‘to enrich New Zealand-Aotearoa through sustainable tourism growth’. As the sector is ‘building back better’, New Zealand has a significant opportunity to reimagine the future state of tourism to emphasise sustainable tourism that contributes more than it consumes against four capitals as shown below:



ECONOMY

The tourism economy thrives and grows adding incremental value to the New Zealand economy and its assets



NATURE

Tourism restores, maintains and nourishes the environment for the intergenerational benefit of New Zealand



CULTURE

The tourism story and experience preserves and enhances our values, culture and heritage; the make up of our identity



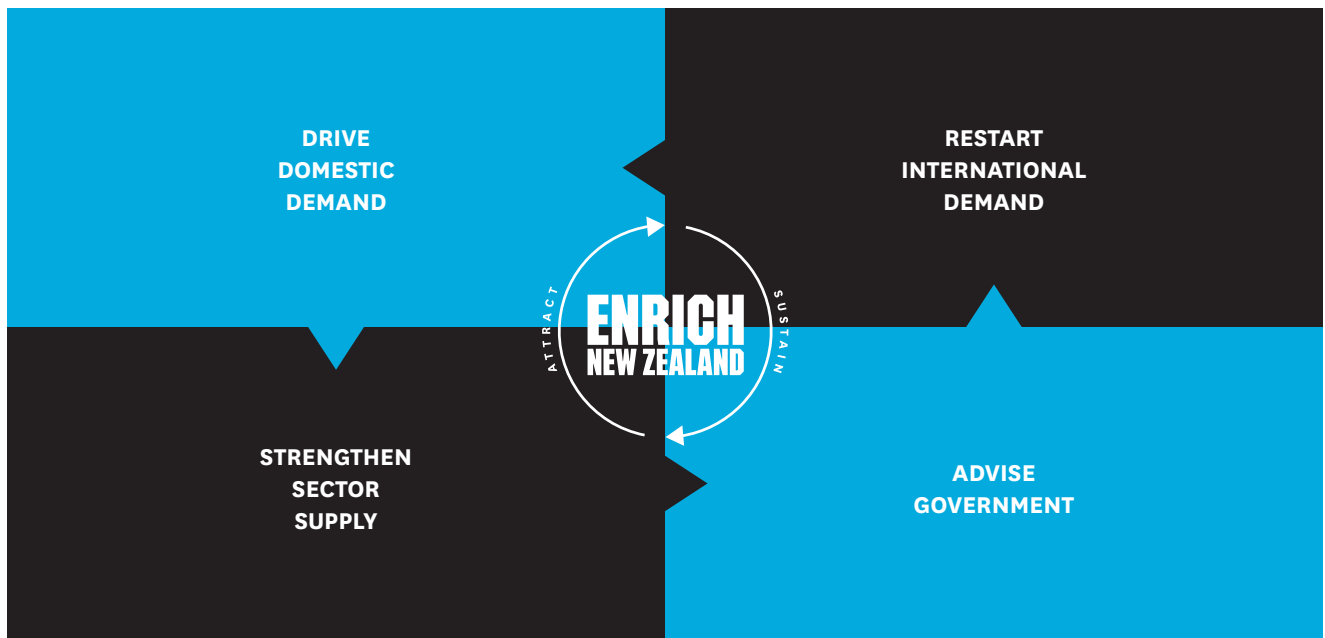
SOCIETY

People in and part of tourism communities thrive through jobs, shared knowledge and physical and mental wellbeing

In FY21, our key outcome metric is to recover and grow domestic tourism spend to \$18 billion for year-end June 2021. A pre-COVID-19 baseline is considered as year-end February 2020 spend (\$17.7 billion).

We will also develop other market measures when there is further information available regarding borders reopening to general leisure travel. These measures will be based on analysis of bookings and visitor spend pre and post border opening.

WE ARE COMMITTED TO ENRICHING NEW ZEALAND THROUGH THE FOUR KEY ELEMENTS OF OUR ROLE IN THE TOURISM SECTOR POST COVID-19:



Each of these elements are critical to supporting Tourism New Zealand’s vision for the tourism sector to enrich New Zealand and the wellbeing of New Zealanders. The role, priorities within the role and measures for Tourism New Zealand in FY21 are described in more detail in the next section.

Drive domestic demand

Role

While Tourism New Zealand's traditional role has centred on increasing and focusing international tourism demand, COVID-19 halted both international and domestic tourism for a time. During the initial stages of the Government's response to COVID-19, it became clear that international borders would not open for some time. As a result, Ministers agreed that Tourism New Zealand's focus should expand to marketing our country as a tourism destination domestically.

Tourism New Zealand recognises that until borders reopen, domestic tourism will be the foundation of the tourism sector and will be the primary support to tourism businesses. The focus on the domestic market will be important to the economic recovery of the tourism sector in FY21 and is likely to continue into future years as the global tourism market resets following COVID-19.

Tourism New Zealand is using our expertise in marketing, brand development and commercial and consumer insight to stimulate domestic demand and shape this demand to match our vision of enriching New Zealand in the four capitals, in a complementary role to New Zealand's Regional Tourism Organisations.

Priorities for FY21

Domestic marketing campaign

In May 2020, Tourism New Zealand commenced its largest ever marketing investment in a single market focused on restarting domestic tourism after the lockdown period. This campaign centres on exciting New Zealanders about domestic holidays and positioning New Zealand as a great alternative to overseas holidays. The campaign also focuses on encouraging New Zealanders to participate in the domestic tourism economy and spend on commercial tourism products. The campaign will be designed to adjust to changes in alert levels in different regions of New Zealand.

Tourism New Zealand's domestic marketing campaign has further halo effects through our marketing spend with New Zealand media organisations, which are managing reduced advertising revenues due to the impact of COVID-19.

Improve inclusion of New Zealanders in domestic tourism market

Coupled with the continuation of Tourism New Zealand's domestic campaign, we will be using events, education, promotion and other measures to encourage New Zealanders to think and feel differently about choosing to holiday at home, supporting local businesses and enriching wellbeing. This will focus on New Zealanders' shared experience of nature, culture and heritage.

Associated activities

The activities associated with this element of our role are:

Activity one: 100% Pure New Zealand campaigns

Activity two: Earned marketing

Activity three: Partnerships

Activity four: Trade marketing

Activity five: Digital channels and platforms

This element focuses on the domestic market for these activities.

Restart international demand

Role

While COVID-19 has halted international tourism for many countries, tourism will continue to be a critical incremental economic contributor for New Zealand as international travel restarts. As international markets reopen, competition for high value visitors is likely to be fierce. While border openings are uncertain at present, we know based on our experience that the lead time for conversion and booking for long-haul markets is between nine and twelve months. This means that we need to sustain our saliency and momentum in key markets to enable strong conversion as borders reopen. It will be important for New Zealand to ensure we continue to capture the hearts and minds of international visitors now, encourage them to come to New Zealand in the future and maintain the existing goodwill and appeal New Zealand has globally.

Priorities for FY21

Keeping our destination brand alive in the hearts and minds of global consumers

Tourism New Zealand has reprioritised international marketing spend into domestic marketing for FY21. However, we recognise that it is important to maintain a brand presence in the hearts and minds of future global travellers, to enable a fast return to international tourism when borders reopen. If marketing activity is halted while borders are closed, the New Zealand brand will lose ground with global travellers. New Zealand has invested in a market portfolio to grow our presence and brand recognition and losing our position would mean that we would need significant reinvestment with these markets as borders reopen to regain lost ground.

Our approach to international marketing in FY21 is to drive desire and appeal for New Zealand's brand with international consumers and prepare to reinvest as borders become more likely to reopen. We also need to ensure we maintain and where possible increase the halo effects of our tourism brand investment on New Zealand's exports and international reputation.

We will bring agency partners together to create one international brand campaign for the first time. Driven by Tourism New Zealand, this joint approach will further align New Zealand's global brand narrative as part of the COVID-19 recovery and build global storytelling for greater consumer cut-through to maximise brand value for New Zealand. This work is designed to keep the New Zealand brand alive in the hearts and minds of global consumers and buyers, positioning New Zealand globally to be one of the top countries that recover and thrive in the post-COVID-19 world.

To maintain our global position we will continue our core strategy to grow visitation from Australia, preparing for a possible trans-Tasman travel zone when it may be possible. We will also build the New Zealand destination brand in our core long haul markets, creating pent-up demand to quickly restart international tourism when possible. We will work with government agencies to understand how and when international tourism may return and tailor our marketing plans to the evolving situation. Our plans are agile, meaning we can adapt to changing priorities as more information about border reopening or any potential travel bubbles is known.

Accelerating demand as borders are ready to re-open

Tourism New Zealand's agile planning in FY21 will include a constant reassessment of the context and triggers that may lead to a possible travel bubbles or changes to border restrictions. This could include, if conditions are appropriate, a trans-Tasman bubble for the whole, or individual states of Australia.

Tourism New Zealand is building a partnership with Tourism Australia to coordinate marketing and demand development for the trans-Tasman bubble, and to highlight the special camaraderie between Australia and New Zealand.

In addition to the work with Tourism Australia, we have a three-phase plan to promote the trans-Tasman bubble. These phases are:

1. **Prime** the audience
2. **Reignite** travel
3. **Scale up** visitor value

Building New Zealand's brand through business events

Tourism New Zealand supports bringing business events to New Zealand through identifying, advising and supporting marketing and campaigns for New Zealand event hosts. This work continues in FY21 largely unabated due to the long lead times in business events campaigning. We will continue the Conference Assistance Programme (CAP), which supports internationally affiliated associations or organisations that want to bid to host an international conference in New Zealand. Assistance provided can include financial feasibility studies, costs of presenting a bid, documents, presentations and the development of marketing strategies to increase the bid prospects.

Tourism New Zealand also provides information on how to increase event sustainability, itineraries for delegates and advice and support regarding activities that could be considered before and after the event. We will continue our work on the long-term legacy impacts of business events for knowledge exchange, environmental outcomes and communities.

Virtual New Zealand experiences

We are inspiring our target audiences internationally using virtual experiences to showcase New Zealand even while people are unable to visit in person. These experiences support the creation of pent-up demand that will facilitate a fast return to international tourism as borders reopen.

We will seek to share a distinctly unique New Zealand experience for our audiences around the world and in New Zealand. The ultimate experience will forever remain a physical one but in lieu of that we will design a way to tell our stories and share live experiences using technology and innovation.

Associated activities

The activities associated with this element of our role are:

Activity one: 100% Pure New Zealand campaigns

Activity two: Earned marketing

Activity three: Partnerships

Activity four: Trade marketing

Activity five: Digital channels and platforms

This element focuses on the international market for these activities.

Strengthen the tourism sector

Role

Tourism New Zealand has engaged broadly with the tourism sector during the COVID-19 response, including through sector surveys, interviews, public feedback and webinars. There is broad agreement across the sector that this is a once-in-a-lifetime opportunity to reimagine New Zealand's approach to tourism as the world recovers from the COVID-19 crisis, and build back better.

Priorities for FY21

Tourism Transitions Programme – Business Advisory Services

In addition to focusing on building domestic and international demand, Tourism New Zealand is supporting the businesses within the tourism sector to remain viable in their current or new forms, until international visitors can return.

The Tourism Transitions Programme announced as part of the Tourism Recovery Fund includes the provision of advisory services for tourism businesses. Tourism New Zealand subsidiary Qualmark is working with several partners to help tourism businesses access advisory support on a range of topics, with an emphasis on how to navigate the COVID-19 crisis. The focus of the programme is on business continuity and pivoting to meet domestic and possible trans-Tasman demand for tourism products and services.

This programme works through identifying key actions and advice to support businesses and business leaders.

Create a foundation for smarter tourism for New Zealand

Tourism New Zealand is increasing investment in technology and data capabilities to accelerate New Zealand's transition to 'smarter tourism', using technology to enable the intelligent design of the consumer journey for better natural, social, human and economic outcomes. We recognise the increased need for more data and timely insights to enable decision making from businesses and support the sector's recovery. We will leverage Tourism New Zealand's partnerships in the digital marketplace to significantly improve the accessibility of tourism data for our sector and support sustainable growth.

Our work will include:

- Supporting domestic tourism through real-time consumer insights for industry, to increase marketing effectiveness and direct bookings
- Delivering audience interaction to businesses at scale through personalisation and automation
- Supporting the collaborative and integrated provision of tourism data and insights to the sector

Consumers expect and demand high-quality personalised experiences with brands. One of our key focus areas over the next year will be on increasing the digital enablement of customer engagement. We will increase our ability to supply tailored digital content to consumers through Tourism New Zealand and partner channels, including different elements based on whether an individual is already travelling in New Zealand, or based overseas, and whether they are a domestic or international visitor. This will result in increased conversion and productivity for tourism businesses through enabling higher quality audience access.

Evaluate the tourism sector's contribution to the four capitals

Tourism New Zealand will provide insight, evaluation and advice on tourism's contribution to the finance and physical, social and cultural, human and natural capitals to better serve as a foundation for how tourism can enrich New Zealand and deliver outcomes for New Zealanders' wellbeing, as both hosts and visitors.

We will also continue our work to ensure visitors, both domestic and international, understand and celebrate their roles as guardians of the New Zealand culture and environment while they travel. We will do this through our visitor behaviour programmes, such as Tiaki – Care for New Zealand, engagements through i-SITES, and through Qualmark standards and industry engagement.

Associated activity

The activity associated with this element of our role is **Activity six: Sector and government engagement.**

Advise and support agencies leading recovery activities

Role

Tourism New Zealand works as a conduit between visitors, the tourism sector and government structures. We are the ‘voice of the visitor’ to the sector, providing them with advice and insights regarding visitor trends and supporting them with destination readiness.

We also play a role as a ‘voice of tourism’ to support work across government on a variety of issues affecting tourism. We engage proactively with the sector on key issues and use this knowledge to provide insights to agencies and Ministers on the key issues for the sector as appropriate.

Priorities for FY21

Systematic provision of market and consumer insights

Tourism New Zealand will provide insight, evaluation and advice to government, the tourism sector and strategic partners on consumer sentiment and industry recovery. These insights will enable evidence-based decisions to be made and support the sector to ‘build back better’.

Support all of government recovery and tourism

Tourism New Zealand will work across government agencies to support the initiatives announced as part of the Tourism Recovery Fund, including the:

- Tourism Futures Taskforce
- Strategic Tourism Assets Protection Programme
- Tourism Transitions Programme

As well as providing support to the Tourism Futures Taskforce, our plans will be informed by the Taskforce’s draft and final reports in FY21.

Wider all of government support

Tourism New Zealand will support work across government on a variety of issues in the recovery including developing a safe and smart trans-Tasman border, managing and opening a smart border, managed isolation and quarantine, travel bubbles and making New Zealand a leader in global tourism sustainability.

Associated activity

The activity associated with this element of our role is **Activity six: Sector and government engagement**.

Tourism New Zealand's internal response to COVID-19 challenges

Tourism New Zealand's internal response to COVID-19 has included shifting the focus of our work from international to the domestic market. This means that in FY21 some employees will move their focus from the international market and will pivot to support domestic marketing activities.

Supporting our employees' wellbeing is increasingly important as COVID-19 continues to have health and economic impacts globally.

Priorities for FY21

Shifting focus from offshore to domestic activities

Tourism New Zealand plays a critical role overseas through marketing and building New Zealand's brand as well as supporting New Zealand travel trade networks and conversion. We recognise that this role will continue, but that for the next year, our focus internationally will be on building and keeping the New Zealand brand alive.

To fund Tourism New Zealand's extension into domestic marketing we have scaled back some of our offshore functions. Trade networks will be kept alive, including through virtual New Zealand experiences and trade training, in order to keep New Zealand as a holiday destination ready for conversion when the time is right.

As borders open, Tourism New Zealand's domestic and offshore teams will be ready to push strongly into international markets for the benefit of New Zealand's economic recovery. When demand for offshore functions increases again, this may happen at different speeds in various parts of the world and could mean that the locations and focus of our operations need to adapt to meet this change.

Building new skills and ways of working

Like many organisations, Tourism New Zealand is embracing new ways of working as we adapt to the significant changes that the response to COVID-19 has accelerated. We will focus on building agility in our workforce to ensure that it is able to work across borders (until and as they reopen) to ensure that we can flex our resources as the global situation changes. We will empower virtual teams, enabling our people across the globe to work together focusing on capability and output rather than geography.

We are accelerating the development of technical skills within the organisation, as well as the development of cultural competence and confidence.

We aim to build capability in a way that ensures our global whānau have access to development to do their job well, we effectively pivot to new opportunities, and Tourism New Zealand is considered a great organisation to contribute to our global whānau's development.

Our response to the recommendations from the 2019 independent report

In late 2019, an independent panel led by David Smol published the report *Optimising Tourism New Zealand's future role and contribution to New Zealand* ('the Report'). The key subject of the Report concerned how Tourism New Zealand should support the tourism sector's future needs, and what capabilities are required to deliver this support.

Since the Report was published, Tourism New Zealand has been working to deliver its recommendations. The table below shows how Tourism New Zealand's FY21 actions link to the recommendations in the report, and where Tourism New Zealand will need additional support to deliver recommendations.

RECOMMENDATION	LINK TO TOURISM NEW ZEALAND'S FY21 ACTIONS
Tourism New Zealand should continue to perform, innovate and invest in its core role as the centre of destination marketing excellence in New Zealand.	This is Tourism New Zealand's core business and will form the cornerstone of our domestic and international activity in FY21.
Tourism New Zealand should play a key role alongside the Ministry of Business, Innovation and Employment (MBIE) working with local government including Regional Tourism Organisations (RTOs) in more systematically supporting destination planning, management and regional marketing through more systematic provision of market and customer insights.	Tourism New Zealand is working in coordination with MBIE to support RTOs, particularly through the domestic marketing campaign. We have shared the campaign architecture and are working with RTOs to ensure their campaigns can use the same architecture to ensure coherence and coordination. Alongside this campaign, we have also increased our provision of domestic insights to the industry to share visitor movements and data alongside domestic sentiment. We will also be working with the sector to enhance destination readiness.
Extend Tourism New Zealand's role to include the collection, analysis and sharing of insights relating to domestic as well as international visitors, thereby enabling sector participants to build a picture of and respond to the preferences of all potential visitors/customers.	Tourism New Zealand has begun the collection and analysis of the domestic visitor to inform all campaign activity and enable sector understanding of the audience. This will be part of our role in creating the foundation for smarter tourism in New Zealand.
MBIE and Tourism New Zealand review government's approach to promoting regional dispersal, to address any conflict with other marketing objectives (which are focused on customer experience and on enhancing productivity and aggregate value-add) and to assess the case for prioritising domestic and Australian visitors as the primary drivers of dispersal.	Tourism New Zealand is focusing on domestic and, when possible, Australian visitors as a result of COVID-19. This approach will be further developed depending on the outcomes of the Tourism Futures Taskforce findings.
MBIE and Tourism New Zealand focus support for regional dispersal on regions that have realistic prospect of being successful, based on a matching of visitor preferences and a region's current and potential strengths as a tourism destination.	Tourism New Zealand's domestic campaign focuses on building the desire for domestic visitors to try places and experiences they have not previously engaged with.

RECOMMENDATION	LINK TO TOURISM NEW ZEALAND'S FY21 ACTIONS
<p>There should be consideration given to how Tourism New Zealand and MBIE work with other central, local government and private sector parties to more actively mitigate and/or address issues that represent a significant risk to tourism's social license and/or the visitor experience.</p>	<p>Tourism New Zealand is coordinating work across the sector on New Zealand sentiment towards tourism, ensuring tourism enriches New Zealand to build this sentiment, and on building a higher quality visitor experience.</p>
<p>Tourism system stewardship and coordination focuses on developing an integrated New Zealand tourism system response to the Government's tourism strategy's sustainability goals and clarify Tourism New Zealand's role in supporting its delivery.</p>	<p>Tourism New Zealand is working across the sector and supporting the Tourism Futures Taskforce as part of supporting the future of tourism in New Zealand.</p>
<p>Tourism New Zealand to provide tailored customer insights and preference intelligence to support the development of "super-regional" clusters grouped around visitor journeys and in doing so support capability development at the "super-regional" level.</p>	<p>In FY21 Tourism New Zealand is building the foundations of smarter tourism which will enable deeper insights and knowledge about the tourism sector. This will include journey-centric insights about tourists, including for longer journeys that encompass more than one region.</p>
<p>Tourism New Zealand to work more closely with New Zealand Māori Tourism (and with MBIE and DoC) to further support the development of Māori tourism and ensure Māori culture is appropriately incorporated in Tourism New Zealand's destination marketing.</p>	<p>Tourism New Zealand works increasingly closely with New Zealand Māori Tourism, as well as MBIE and DoC to ensure tourism enhances the culture capital for New Zealand.</p>
<p>As the government policy lead on tourism, MBIE lead an inter-agency (including Tourism New Zealand) and wider iwi, local government and private sector discussion to ensure stewardship and co-ordination mechanisms are and remain fit for purpose to improve sector efficiency, productivity and integration, building on existing arrangements wherever possible.</p>	<p>Tourism New Zealand works closely with MBIE on supporting the tourism sector. This support to the sector is especially important in FY21 in the wake of COVID-19. As an ex-officio member, TNZ will contribute to the deliberations of the Tourism Futures Taskforce and will be guided by its findings.</p>
<p>Tourism New Zealand continue its existing level of support for tourism sector business development through current mechanisms (e.g. www.tourismnewzealand.com) and that MBIE and Tourism New Zealand work with other economic development agencies (notably NTZE, Callaghan Innovation) to consider and monitor their prioritisation of and level of support to tourism sector businesses.</p>	<p>Tourism New Zealand is increasing business advisory support to the tourism sector through the Tourism Transitions Programme delivered through Qualmark.</p>
<p>MBIE, Stats NZ and Tourism New Zealand develop a sufficiently joined-up engagement with the sector to further develop/evolve an integrated set of government-produced data and visitor insights to better inform the tourism system.</p>	<p>Tourism New Zealand will support the provision of integrated tourism analytics from government in FY21.</p>

RECOMMENDATION	LINK TO TOURISM NEW ZEALAND'S FY21 ACTIONS
<p>MBIE and Tourism New Zealand continue to support DoC, working with Māori, to develop a shared vision and action plan for conservation tourism that articulates how tourism is part of the sustainable and beneficial future for New Zealand's conservation estate.</p>	<p>Tourism New Zealand is working with other agencies to support the future of tourism, including through supporting the work of the Tourism Futures Taskforce.</p>
<p>As part of the concurrent review of New Zealand Story, that consideration be given to whether increased co-ordination, mandate and alignment would support the strengthening of New Zealand's national brand as a country to visit, study, work, live, invest in, and buy products and services from; and that consideration be given to: whether Story's role as a platform toolkit be expanded to provide broader critical brand infrastructure; [and] the most synergistic "host" and/or lead for such a national brand function to benefit New Zealand Inc and to appropriate governance arrangements of the same.</p>	<p>Tourism New Zealand is working with New Zealand story partners to create a single cohesive international brand campaign to keep New Zealand's brand alive in the hearts and minds of consumers and buyers while they cannot travel here.</p>

Outcomes Framework FY21

The diagram below summarises Tourism New Zealand's outcome and impact measures for FY21.

GOVERNMENT GOAL	FY21 OBJECTIVES	FOCUS AREAS FOR FY21	SUCCESS LOOKS LIKE...
<p>Tourism growth is</p> <ul style="list-style-type: none"> • Productive • Sustainable • Inclusive <p>And contributes to the intergenerational wellbeing of New Zealanders and their families</p>	<p>Domestic</p> <p>Kiwis feel included and participate in tourism</p> <p>Brand and demand</p> <p>Balance brand desire and demand generation to be ready to leverage opportunities based on market connectivity</p> <p>Drive the sector and NZ Recovery</p>	<ol style="list-style-type: none"> 1. Build excitement about a domestic holiday and get Kiwis to spend on tourism product 2. Build brand preference and desire for New Zealand as a visitor destination 3. Target high-value audience across a balanced portfolio of markets 4. Strengthen and build strategic partnerships to extend the impact delivered from TNZ work 5. Organisation agility to create opportunities 6. Support tourism-specific and wider all-of-govt recovery programmes 	<p>Brand</p> <ul style="list-style-type: none"> • Appeal and preference for Brand NZ is higher than it's ever been • Kiwis consider and participate in a NZ holiday like an international visitor • The outtake of our storytelling is consistent with that of our values and truth <p>Target high-value audiences</p> <ul style="list-style-type: none"> • Our audience targeting is defined and driven by insight • Their value is defined by multiple factors that deliver to enriching NZ • Channel Selection is driven with both brand and demand outcomes in mind <p>Conversion and campaign activity</p> <ul style="list-style-type: none"> • newzealand.com inspires and connects consumers with travel/industry • Increase the % of direct bookings for industry • Insights for industry support product design and delivery <p>Strategic partnerships</p> <ul style="list-style-type: none"> • Aviation partnerships planning to re-start key routes with airlines and airports • Travel sellers are educated and inspired to showcase and sell NZ • Global media partnerships maximised for best reach and impact of TNZ activity <p>Enabling</p> <ul style="list-style-type: none"> • We've inspired exceptional performance • We've built new skills and ways of working • We've increased flexibility and transparency on how we drive value from our funding • We've strengthened resilience <p>Supporting the sector</p> <ul style="list-style-type: none"> • TNZ's reputation is protected and enhanced through our recovery contribution • Decision making about tourism in government is informed by TNZ's specialist advice • Industry is heard, part of, informed and engaged with TNZ's activity
<p>PURPOSE: ENRICH NEW ZEALAND</p> 			

Summary of measures

The table below summarises Tourism New Zealand’s appropriation for the 2020/21 year.

SUMMARY OF APPROPRIATION (\$000S)	2019/20 APPROPRIATION	2020/21 APPROPRIATION
Vote Tourism: Non-Departmental Output Expenses <i>Marketing of New Zealand as a Visitor Destination</i>	111,450	111,950

Tourism New Zealand will be measuring our success against our appropriation through a suite of twelve key measures.

As we have not previously focused on the domestic market, and considering the impact of COVID-19 on tourism, domestic measures will be baselined during the FY21 year, with the intention that further performance targets are set in FY22.

Our traditional international measures are likely to be skewed in FY21 as New Zealand’s border remains closed and may or may not open to some or all countries during the year. Borders around the world are also likely to be opened at different times, which may impact the ability of visitors to travel to New Zealand, regardless of sentiment. As the FY21 year is so uncertain, we will take the opportunity to re-baseline our international marketing measures, before establishing new targets for these measures in FY22.

The diagram below summarises the previous measures we have used, those we will use for FY21 and those measures we are intending to develop for the future.

FY20 ESTABLISH TOURISM MEASURES	FY21 KEY TOURISM RESTART MEASURES	FUTURE KEY TOURISM RESTART AND REBUILD MEASURES
<ol style="list-style-type: none"> Value of international tourism to GDP* International visitor spend* International arrivals in off-peak season* Tourism’s social license Visitor experience* Global preference/desire for New Zealand Value and reach of earned marketing Value and reach of digital paid and owned marketing Value and reach of shared marketing Value and reach of trade marketing Value and reach of business events Our impact in the eyes of our stakeholders 	<ol style="list-style-type: none"> Global preference/desire for New Zealand Bookings and visitor spend pre and post border opening** Domestic traveller sentiment** International and domestic visitor spend** Tourism’s social license Preference share - New Zealand vs outbound** Value and reach of earned marketing Value and reach of digital paid and owned marketing Value and reach of shared marketing Value and reach of trade marketing Value and reach of business events Our impact in the eyes of our stakeholders 	<ol style="list-style-type: none"> Global preference/desire for New Zealand Sector productivity measure*** Sector sustainability measure*** International and domestic visitor spend Tourism’s social license Value and reach of earned marketing Value and reach of digital paid and owned marketing Value and reach of shared marketing Value and reach of trade marketing Value and reach of business events Our impact in the eyes of our stakeholders

* will not be key target for FY21 due to post-COVID19 context

** new for FY21

*** yet to be determined and agreed

The table below provides more detail on the measures we are using in FY21.

#	OBJECTIVE	FY21 MEASURE (MECHANISM)	2019/20 TARGET	2020/21 TARGET
Outcome Measures				
1	Retain and increase desire for New Zealand	Appeal for New Zealand (AC Monitor)	59%	59%
2	Accelerate the recovery as borders open and grow the value of the sector	Visitor spend pre and post border opening (MRTE and IVS Spend – domestic and international)	Method for measuring this objective has changed	Domestic: \$18b by year end June 2021 International market measures will be developed when further information is available about border reopening or possible travel bubbles.
3	Kiwis participate in and feel more included in the tourism economy	Domestic traveller sentiment (TNZ Domestic Travel Survey)	New measure, requires baseline	Increase inclusion
4	Increase productivity of the sector	Domestic and international (when possible) visitor spend on tourism products	New measure, requires baseline	Domestic: \$800m International market measures will be developed when further information is available about border reopening or possible travel bubbles.
5	Maintain social license for tourism	New Zealanders agree tourism is good for NZ and welcome the return of international visitors (survey)	93%	FY20 result maintained
6	Visitor experience - New Zealanders feel a holiday at home is just as good as international holidays	Preference share - NZ vs outbound	New measure, requires baseline	60%

#	OBJECTIVE	FY21 MEASURE (MECHANISM)	2019/20 TARGET	2020/21 TARGET
Impact Measures				
7	Maintain value and reach of digital marketing	Referrals to industry via newzealand.com and third parties (organic and NZ paid)	Method for measuring this objective has changed	1.3M
8	Maintain value and reach of earned marketing	Equivalent advertising value from media and content	\$220m	\$176m
9	Value and reach of trade marketing	Travel agent coverage (# global travel sellers virtually trained)	Method for measuring this objective has changed	40k
10	Value and reach of shared marketing activities	Partnership coverage, engagement and impact (JV co-investment)	Method for measuring this objective has changed	\$10M
11	Maintain the value and reach of business events	Value of bids supported via Conference Assistance Programme (TNZ Business Events CRM –Bids supported in CAP pipeline)	\$130m	\$130m
12	Maintain our impact in the views of stakeholders	Tourism New Zealand's overall performance, as rated by key stakeholders (TNZ Stakeholder Survey)	86%	85%

Measure definitions

The list below sets out the definitions of Tourism New Zealand's SPE measures.

- 1. Global Appeal (AC Monitor):** Tourism New Zealand targets marketing activity to consumers actively considering New Zealand for a holiday. Preference is the proportion of global Active Considerer (AC) consumers who rate New Zealand in one of their top two preferred destinations. Appeal is the percentage of the online population who find New Zealand as a destination highly appealing. Preference and Appeal are measured by the six-monthly Active Considerer Monitor (ACM) survey in key global markets. As our work in FY21 is focused on maintaining and building brand offshore rather than converting business, Appeal is considered the appropriate measure for this financial year.
- 2. Value (MRTE, IVS):** Two data sources are used to measure visitor spend. The MBIE Regional Tourism Estimates (MRTE) survey of domestic and international visitor spend by region; and the Statistics New Zealand International Visitor Survey (IVS) of total international visitor expenditure. For the domestic target of \$18b, a pre-COVID-19 baseline is considered as year-end February 2020 spend (\$17.7b).
- 3. Participation (TNZ Domestic Travel Survey):** A new TNZ Domestic Visitor Survey will measure domestic visitor sentiment in terms of participation in tourism and feelings of inclusion in the visitor economy.
- 4. Productivity (MRTE or card data subset):** MRTE and electronic card transaction data will be used to measure spend more specifically on tourism product as an indicator of the productivity of tourism businesses. For the domestic target of \$800m, a pre-COVID-19 baseline is considered as year-end February 2020 domestic tourism activity spend (\$713m).
- 5. Social licence (survey):** Social licence is critical to the long-term sustainability of the tourism sector. Survey respondents rate their agreement with the question "tourism is good for New Zealand".

- 6. Visitor experience (TNZ Domestic Travel Survey):** Quality visitor experience is critical to the long-term sustainability of the tourism sector. A new TNZ Domestic Visitor Survey will measure to what extent New Zealanders feel a holiday at home is just as good as an international holiday. While the timeframe for international visitors returning to New Zealand remains uncertain, we will focus on this domestic measurement until the Ministry of Business, Innovation and Employment International Visitor Survey (IVS) can recommence.
- 7. Digital marketing reach (referrals):** Referrals via newzealand.com measure the number of people who, after visiting newzealand.com as a result of organic search or paid marketing activity, are then referred to an operator or partner website where travel or experiences can be purchased. Third party referrals (TPRs) measure the number of people who are referred to an operator or partners' website directly from paid marketing activity. The target for this measure is lower than the equivalent target in FY20 due to a focus this year on domestic organic and paid marketing activity, and international organic marketing activity. International paid marketing activity is excluded.
- 8. Earned marketing (EAV):** Equivalent Advertising Value (EAV) is an estimate of the value of media coverage that results from public relations activity. EAV is based on the equivalent cost to purchase the results and is not always available for all activity, so reported results will underestimate the actual value.
- 9. Trade marketing (# global travel sellers trained):** This captures New Zealand's travel trade coverage by the number of agents trained as 100% Pure New Zealand Specialists in the financial year. This measure differs from previous years due to an adapted approach to trade marketing in the context of COVID-19.
- 10. Partnerships (JV co-investment):** This measure captures the amount of co-marketing funding secured by TNZ for joint venture activity. This measure differs from previous years as all FY21 joint venture activity will be domestic only and domestic joint venture ROI will be benchmarked and targets set for future years.
- 11. Business Events (CAP):** The estimated value of Business Events bids supported through the Conference Assistance Programme (CAP) fund.
- 12. Stakeholder Performance (survey):** The specific data source used will be Tourism New Zealand's annual Stakeholder Survey. Respondents rate their agreement with the question: In fulfilling its role as New Zealand's National Tourism Organisation, how do you rate Tourism New Zealand's overall performance? The measure counts respondents who rate 'very good' or 'excellent' as a percent of total.

Forecast financial information

Statement of accounting policies

(a) Reporting Entity

Tourism New Zealand is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. Tourism New Zealand's primary objective is to improve tourism's contribution to economic growth by increasing the value of international visitors to New Zealand.

Tourism New Zealand does not operate to make a financial return.

For the purposes of financial reporting, Tourism New Zealand is classified as a Public Benefit Entity.

The financial statements for Tourism New Zealand (the parent) and its controlled subsidiaries (collectively the Group) are for the year ended 30 June 2021.

(b) Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with Public Benefit Entity (PBE) standards.

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities as identified in this statement of accounting policies.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency is New Zealand dollars.

(c) Accounting standards and interpretations issued but not yet effective

There have been no changes in the accounting policies of the Group in the year ended 30 June 2020, other than the adoption of amendments to PBE Standards as disclosed below. Other than the changes disclosed below, all accounting policies and disclosures are consistent with those applied by the Group in the previous financial year.

PBE IFRS 9 – Financial Instruments – The amendments have minimal impact on the Group. The standard was applied retrospectively and the adoption did not have any impact on the amounts recognised in the financial statements.

Accounting standards and interpretations issued but not yet effective

The External Reporting Board has also issued amendments to the following standards to incorporate requirements and guidance for the not-for-profit sector. These amendments apply to PBEs with reporting periods beginning on or after 1 July 2019. Tourism New Zealand expects there will be minimal or no change in applying these updated accounting standards.

STANDARD	TITLE	APPLICATION DATE	
PBE IPSAS 21, PBE IPSAS 26	PBE Standards on interests in other entities: Impairment of Revalued Assets (Amendments to PBE IPSASs 21 and 26)	1 July 2019	
PBE IPSAS 34, PBE IPSAS 35, PBE IPSAS 36, PBE IPSAS 37, PBE IPSAS 38, PBE IPSAS 39	PBE IPSAS 34 Separate Financial Statements PBE IPSAS 35 Consolidated Financial Statements PBE IPSAS 36 Investments in Associates and Joint Ventures PBE IPSAS 37 Joint Arrangements PBE IPSAS 38 Disclosure of Interests in Other Entities Employee Benefits		
PBE FRS 48	Service Performance Reporting		1 July 2021

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of New Zealand Tourism Board trading as Tourism New Zealand and its subsidiaries as at 30 June each year (the Group).

Subsidiaries are combined using the acquisition method of combination. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Tourism New Zealand has control.

(e) Investment in Joint Venture (JV)

The Group's investment in JV is accounted for under the equity method of accounting in the consolidated financial statements.

The investment in the JV is carried in the consolidated Statement of Financial position at cost plus post-acquisition changes in the Group's share of net assets of the JV, less any impairment in value. The consolidated statement of comprehensive revenue and expense reflects the Group's share of the results of operations of the JV.

Where there has been a change recognised directly in the JV's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(f) Foreign currency

Transactions denominated in foreign currency are recorded in NZ Dollars by applying exchange rates that approximate rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance date.

Exchange gains and losses are recognised in the Statement of comprehensive revenue and expense.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(g) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office equipment	5 years
Motor vehicles	4 – 5 years
Furniture and fittings	5 – 8 years
Computer equipment	3 years
Leasehold improvements	Up to term of the lease

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Statement of comprehensive revenue and expense in the period in which the transaction occurs.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Losses resulting from impairment are reported in the Statement of comprehensive revenue and expense.

(h) Intangible assets

Intangible assets are recorded at cost at acquisition. Where there is no active market for these assets, or they are determined to hold no future economic benefit, they are written off in the year of acquisition. Tourism New Zealand has no intangible assets with an infinite life.

The useful life of Intangible assets are estimated at between 3 and 8 years.

Research costs are expensed as incurred.

(j) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

For receivables from non-exchange and exchange transactions, the Group applies a simplified approach in calculating expected credit losses (ECL's). The Group bases this on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(k) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of comprehensive revenue and expense net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of comprehensive revenue and expense on a straight-line basis over the lease term.

The Group does not enter into finance leases.

(n) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions

Appropriation received from the Crown

Grants received from the Crown are recognised as revenue on receipt.

Sales and other revenue

Revenue includes fees received to attend offshore trade events and familiarisations in New Zealand, and fees received to become part of an Approved Destination Status programme. The revenue from such transactions does not approximately equal the value of goods provided by Tourism New Zealand and are therefore considered as non-exchange transactions.

Revenue is recognised at fair value of cash received or receivable when the risks and rewards of ownership are transferred to the buyer at the time of delivery of goods to the customer.

The services provided have a return obligation and therefore the revenue from supply of services is recognised on a straight line basis over the specified period for the service unless an alternative method better represents the stage of completion of the transaction.

Revenue from exchange transactions

Sales and partnership revenue

Revenue includes contributions from partners and recharges to customers to recover full cost of expenses incurred on their behalf. The revenue from the such supply of goods and services is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the supply of services is recognised on a straight line basis over the specified period for the service unless an alternative method better represents the stage of completion of the transaction.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(o) Income tax

Tourism New Zealand is exempt from income tax under the New Zealand Tourism Board Act 1991. Tourism New Zealand's subsidiaries are subject to income tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position date.

Deferred income tax is provided on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:
- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(p) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Financial instruments

Tourism New Zealand uses derivative financial instruments such as foreign currency contracts to manage its exposure to foreign exchange risk arising from its operational activities. Tourism New Zealand does not hold or issue these financial instruments for trading purposes. Tourism New Zealand has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. Movements in the fair value of derivative financial instruments are recognised in the Statement of comprehensive revenue and expense.

Foreign exchange gains and losses resulting from the settlement of derivative financial instruments and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive revenue and expense.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(r) Employee Benefits

Employee entitlements for salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of comprehensive revenue and expense when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported as the present value of the estimated future cash flows.

Termination benefits are recognised in the Statement of comprehensive revenue and expense only where there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash flows.

Statement of significant assumptions

Assumptions underlying the financial statements include:

- Crown funding is assured at least at the levels stated for the period of this Statement.
- Baseline funding will be insufficient to deliver future year outcomes if domestic and international activity remain within scope over the longer term.
- Business advisory support through Qualmark is currently only funded for one year through the Tourism Recovery Fund. Continuation of this activity beyond FY21 will require further funding considerations.
- No amount has been included for gains or losses on foreign exchange derivatives as these cannot be estimated because of uncertainty surrounding exchange rates over the three year period.
- There is a risk that movements in exchange rates can result in volatility in financial performance as fair value movements on derivatives are recognised.
- There is a risk that movements in exchange rates can have a significant effect on the spending power of Tourism New Zealand. To mitigate this risk as far as possible a Foreign Exchange Reserve is included in the Forecast Statement of Financial Position. The Reserve is designed to preserve the spending power of Tourism New Zealand during periods of adverse movements in exchange rates.
- The net asset position of subsidiaries will not change significantly over the three years.

Forecast financial statements

Statement of Comprehensive Revenue and Expense

	Group		Parent	
	2019/20 \$000s	2020/21 \$000s	2019/20 \$000s	2020/21 \$000s
Revenue from non-exchange transactions				
Revenue from Crown	111,480	126,150	111,480	121,150
Other revenue	1,100	-	1,100	-
Revenue from non-exchange transactions				
Interest Income	90	90	90	90
Other revenue	5,712	-	3,910	186
Total Revenue	118,382	126,240	116,580	121,426
Expenditure				
Other expenses	117,337	135,845	115,559	131,076
Depreciation & amortization	1,070	1,073	1,021	1,028
Share of associate's deficit	-	-	-	-
Total Expenditure	118,407	136,918	116,580	132,104
Net Operating Surplus/(Deficit) before Foreign Exchange and Taxation	(25)	(10,678)	-	(10,678)
Foreign Exchange				
Foreign exchange gains/(losses) on derivative financial instruments	-	-	-	-
Other foreign exchange gains/(losses)	-	-	-	-
Total foreign exchange gains/losses	-	-	-	-
Income tax expense	-	-	-	-
Underspend carried forward from previous year	-	10,678	-	10,678
Net Surplus/(Deficit) for the year	(25)	-	-	-
Other comprehensive revenue/(expense)	-	-	-	-
Total comprehensive revenue/(expense) for the year	-	-	-	-
Net Surplus/(Deficit) for the year is attributable to:				
Non-controlling interest	-	-	-	-
Owners of the parent	-	-	-	-
Total comprehensive revenue/(expense) for the year is attributable to:				
Non-controlling interest	-	-	-	-
Owners of the parent	-	-	-	-

Statement of Financial Position

	Group		Parent	
	2019/20 \$000s	2020/21 \$000s	2019/20 \$000s	2020/21 \$000s
Current Assets				
Cash	5,335	5,255	5,000	5,000
Receivables from non-exchange transactions	177	192	160	160
Receivables from exchange transactions	1,688	2,476	1,500	2,200
Prepayments and other current assets	1,700	1,700	1,700	1,700
Derivative financial instruments	-	-	-	-
	8,900	9,623	8,360	9,060
Non-current Assets				
Property, plant and equipment	2,044	2,154	2,041	2,153
Intangible assets	1,629	1,417	1,554	1,289
Investment in associate	-	-	-	-
Investment in Qualmark	260	4,760	260	4,760
Accommodation bonds	350	477	350	477
Derivative financial instruments	-	-	-	-
	4,283	8,808	4,205	8,679
Total Assets	13,183	18,431	12,565	17,739
Current Liabilities				
Creditors and other payables	6,748	6,770	6,600	6,600
Employee entitlements	820	820	800	800
Invoiced in advance	719	726	500	500
Provisions	120	190	120	190
Derivative financial instruments	-	1,020	-	1,020
	8,407	9,526	8,020	9,110
Non-current Liabilities				
Provisions	100	190	100	190
Derivative financial instruments	-	-	-	-
Total Liabilities	8,507	9,716	8,120	9,300
Net Assets	4,676	8,715	4,445	8,439
Equity				
Shareholder's Equity	2,105	6,605	1,805	1,805
Retained earnings	(1,550)	(2,011)	(1,481)	2,513
Foreign Exchange Reserve	4,121	4,121	4,121	4,121
Parent interests	4,676	8,715	4,445	8,439
Non-controlling interests	-	-	-	-
Total Equity	4,676	8,715	4,445	8,439

Statement of Cash Flows

	Group		Parent	
	2019/20 \$000s	2020/21 \$000s	2019/20 \$000s	2020/21 \$000s
Cash flows from operating activities				
Crown revenue	111,480	126,150	111,480	121,150
Interest received	90	90	90	90
Other revenue from non-exchange transactions	1,100	(15)	1,100	-
Other revenue from exchange transactions	90	90	4,610	(514)
Payments to suppliers and employees	(112,480)	(126,095)	(116,980)	(120,426)
Goods and services tax (net)	-	-	-	-
Net cash from operating activities	280	220	300	300
Cash flows from investing activities				
Sale of property, plant and equipment	-	-	-	-
Repayment of accommodation bonds	-	-	-	-
Purchase of property, plant and equipment	(300)	(300)	(300)	(300)
Purchase of intangible assets	(1,000)	(1,000)	(1,000)	(1,000)
Payments for accommodation bonds	-	-	-	-
Goods and services tax (net)	-	-	-	-
Net cash from operating activities	(1,300)	(1,300)	(1,300)	(1,300)
Cash flows from investing activities	(1,020)	(1,080)	(1,000)	(1,000)
Effect of exchange rates on foreign currency balances	-	-	-	-
Opening cash brought forward	5,355	5,335	5,000	5,000
Cash at end of year	5,335	5,255	5,000	5,000

Statement of Changes in Equity

	Group		Parent	
	2019/20 \$000s	2020/21 \$000s	2019/20 \$000s	2020/21 \$000s
Balance at 1 July	4,352	12,454	6,991	4,445
Net surplus/(deficit) for the year	-	-	-	-
Transfer from Retained Earnings to Foreign Exchange Reserve	-	-	-	-
Total comprehensive income/(expense) for the year	-	-	-	-
Balance at 30 June	12,454	8,715	4,445	8,439

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